

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



March 9, 1994

ALL-COUNTY LETTER NO. 94-22

TO: ALL COUNTY WELFARE DIRECTORS

Reason for this Transmittal

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☒ Initiated by CDSS

SUBJECT: PERFORMANCE DEMONSTRATION PROJECT IN THE GAIN PROGRAM

This is to announce the establishment of the Greater Avenues for Independence (GAIN) County Performance Demonstration Project (CPDP). Under this demonstration project, the Department will provide a fiscal incentive to any county that has either demonstrated that it has operated its program at a high level of performance (as defined below), or improves its performance as evidenced by increased Aid to Families with Dependent Children (AFDC) grant savings. The fiscal incentive will be in the form of a reduced county cost for AFDC grants. The project will be implemented on July 1, 1994; however, we are advising you of it now so that you will have time to put in place any programmatic changes you may want to make to successfully participate. This is an optional program with all counties eligible to participate.

BACKGROUND

The final State Budget for fiscal year (FY) 1993/94 contains a significant increase in funding (\$40.9 million General Fund, \$76.8 million total) for the GAIN Program. The new funds are not subject to county match. To receive this additional funding, counties will be required to maintain a level of expenditure for GAIN that is equal to the amount they spent in FY 1992/93.

The increased funding for the GAIN program was part of a comprehensive welfare reform package adopted in conjunction with this year's state budget. This welfare reform package substantially increases the incentive for welfare recipients to work and provides a broad array of program elements to remove barriers to employment. As a result, it is more important than ever that the GAIN program does all it can to help recipients prepare for and secure employment.

The expansion of funding for GAIN, the need to emphasize employment given the recently enacted welfare reform package, and the opportunity to offer counties important fiscal relief over the next three years, have led us to establish this pilot program.

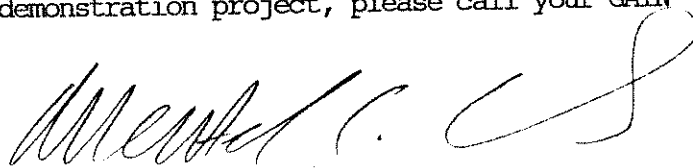
DEMONSTRATION PROJECT

Under this project, county performance will be measured in terms of a cost benefit ratio derived by dividing the amount of AFDC grant savings by GAIN expenditures. A statewide performance standard based on FY 1992-93 data has been established at one dollar (\$1) of AFDC savings for every dollar (\$1) of GAIN expenditure. To qualify for a fiscal incentive on the basis of high performance, that is, a county met or exceeded the established statewide standard for FY 1992/93, the county must serve more individuals while maintaining its cost benefit ratio. Continued superior performance will allow a county to receive the fiscal incentive in the second and third years. Counties below the statewide standard will qualify for the incentive by improving their cost benefit ratio by ten percentage points toward the standard each year. The terms and requirements for both high performing and improving counties for each year of the project are described in the attached Demonstration Project Guidelines.

Counties are reminded that they must accept participants into GAIN using the requirements of the Manual of Policies and Procedures Section 42-720.6. In general, a county will be expected to maintain the level of service to target groups that was in place during FY 1992-93 unless an unusually large percentage of target group cases was being served due to the county being in cost reduction status.

Counties electing to participate in the project must submit an Application Form by May 1, 1994. Specific instructions for completing the project application are contained in the Project Guidelines. Upon submission of the application, CDSS will review and evaluate each participating county's data, work with the county to validate the data provided, and approve the application.

If you have any questions on this demonstration project, please call your GAIN County Consultant at (916) 657-3403.



MICHAEL C. GENEST
Deputy Director
Welfare Programs Division

Attachment

COUNTY PERFORMANCE DEMONSTRATION PROJECT GUIDELINES

The California Department of Social Services (CDSS) will be conducting the Greater Avenues for Independence (GAIN) County Performance Demonstration Project (CPDP) beginning on July 1, 1994 and continuing through June 30, 1997. This is an optional program with all counties eligible to participate. Under this demonstration project, the Department will provide a fiscal incentive to any county that either demonstrates that it has operated its GAIN program at a high level of performance or that improves its performance as evidenced by increased Aid to Families with Dependent Children (AFDC) grant savings. The fiscal incentive will be in the form of a reduced county cost in AFDC grants. At year end, an adjustment will be applied to the AFDC assistance claim.

For purposes of this project, CDSS has established a statewide cost/benefit performance standard of 1:1; i.e., for every dollar expended, there is at least one dollar of AFDC grant savings. County performance will be assessed in terms of this cost benefit ratio, which was derived by dividing the amount of AFDC grant savings attributable to GAIN by GAIN expenditures. The counties will be classified in one of two categories, "Performance Above Standard" or "Performance Improvement".

Performance Above Standard: This category consists of counties that met or exceeded the statewide standard of 1:1 in fiscal year (FY) 1992-93. These counties will be eligible to receive a fiscal incentive for each year of the project if they serve additional individuals while maintaining their cost benefit ratio. (See the subsequent section to determine the increased individuals to be served.) The incentive will be an amount equivalent to 25 percent of the county share of FY 1992-93 GAIN expenditures, and will be applied to the county share of the AFDC assistance claim.

Performance Improvement: This category consists of counties whose cost benefit ratio was less than the statewide standard of 1:1 in FY 1992-93. These counties will receive a fiscal incentive each year of the project by improving their cost benefit ratio by ten percentage points toward the statewide standard while serving additional individuals. (See the subsequent section to determine the increased individuals to be served.) For example, a county's FY 1992-93 cost benefit ratio is .80. To qualify for a fiscal incentive, the cost benefit ratio must be increased to at least .90, ten percentage points from the FY 1992-93 level. The fiscal incentive will be 50 percent of the state share of the improved performance savings in AFDC that are realized within the project year. This incentive, which shall not exceed an amount equivalent to 25 percent of the county share of FY 1992-93 GAIN expenditures, will be applied to the county share of the AFDC assistance claim.

The AFDC savings resulting from the improved performance of counties must be sufficient to ensure our ability to provide incentives to the counties operating above the established standard. After reviewing applications and determining the total projected AFDC savings, counties operating above the established standard will be notified as to whether there will be sufficient funds to provide the fiscal incentive. If there are insufficient AFDC savings projected, the counties operating above the established standard will still have the option to participate in the project. They will receive 50% of the state share of all savings generated above their current cost benefit ratio. This incentive will be calculated from savings that are realized within the project year and shall not exceed an amount equivalent to 25 percent of the county share of FY 1992-93 GAIN expenditures.

TERMS AND REQUIREMENTS FOR PARTICIPATION

Counties that choose to participate in this project must complete the attached application form, TEMP 2062. Upon submission of the TEMP 2062, CDSS will review and evaluate each participating county's data, work with the county to validate the data provided, and approve the application.

The application form consists of three sections. All participating counties will complete Section I, Cost Benefit Ratio. This section contains a formula to assist counties in determining their FY 1992-93 cost benefit ratio. Section II, Performance Above Standard, will be completed by those counties having a cost benefit ratio that meets or exceeds the statewide standard. This section provides a formula to calculate the increase in the number of individuals to be served. Section III, Performance Improvement, requests a description of the specific programmatic steps that will be taken to improve performance resulting in an increase in the cost benefit ratio. In addition, it provides a formula to calculate the increase in the number of individuals to be served.

Counties will be required to serve additional individuals in the program each year commensurate with the increase in program funding. (Specific instructions are provided on the application form.) In determining the increased number of individuals to be served, counties will be allowed to count only those individuals who have attended the GAIN orientation.

Performance Above Standard

Counties are eligible to receive a fiscal incentive each year of the project if:

- o They had a cost benefit ratio at least equal to the statewide standard in FY 1992-93,
- o Their cost benefit ratio during the project is at least equal to the statewide standard and does not fall below 95 percent of the FY 1992-93 level and,
- o They serve additional individuals in the program each year commensurate with the increase in funds. Section II.6 of the application provides the formula to calculate the increased number of individuals.

FY 1994-95 - 75 percent of the percentage increase in funds
 FY 1995-96 - 100 percent of the percentage increase in funds
 FY 1996-97 - 100 percent of the percentage increase in funds

Improved Performance

Counties are eligible to receive a fiscal incentive each year of the project if:

- o They improve their cost benefit ratio during each year of the project by ten percentage points towards the statewide standard and,
- o They serve additional individuals in the program each year commensurate with the increase in funds. Section III.6 of the application provides the formula to calculate the increased number of individuals.

FY 1994-95 - 75 percent of the percentage increase in funds
 FY 1995-96 - 100 percent of the percentage increase in funds
 FY 1996-97 - 100 percent of the percentage increase in funds

DATA REPORTING REQUIREMENTS

Initially, data from the GAIN 25 Activity Report together with statewide assumptions and FY 1992-93 expenditure data will be used to determine cost benefit ratios. Accuracy of the reported data will be critical since it will support any program improvements and provide proof of a county's success in achieving a higher level of performance.

To compute the FY 1992-93 cost benefit ratio in Section I. Part C. of the application, each county will have to determine the number of grant terminations and grant reductions experienced by GAIN participants. For purposes of calculating the cost benefit ratio, grant terminations and grant reductions are included in the counts only if the individual has been referred

to a GAIN orientation session. Counties may have to review their records and revise their GAIN 25, Section G, Line 1 counts. Similarly, future counts must be limited to those who have been referred to orientation.

CDSS has developed three assumptions in order to calculate the cost benefit ratio for the first year of the project. The assumptions are: 1) the average number of months of savings for a terminated case; 2) the dollar amount of the average grant saved due to employment; and 3) the average number of months of employment. Separate assumptions were developed for FG and U cases.

As counties track and report the following data for the project, the statewide assumptions will be replaced with the actual data. To facilitate this, counties will be required to report the following additional data on a quarterly basis:

1. Grant Terminations

For those GAIN participants who leave aid due to unsubsidized employment, but subsequently return to AFDC, record the number of months off aid.

2. Grant Reductions

For those GAIN participants whose grants are reduced by obtaining unsubsidized employment, determine the average monthly grant reduction. This is done by dividing the total dollar amount of grant reductions by the total number of months of reduction.

Counties will be required to submit quarterly progress reports addressing the status of the proposed program modifications; the progress on outcomes; and the steps being taken to adjust the program in order to maintain the existing performance above the standard or to improve performance. In addition, the June 30 progress report must have the renewal application section completed to identify the county's plans for the subsequent year. The attached form, TEMP 2063, has been provided for county duplication. Additional camera ready copies are available from the Forms Management Unit at (916) 657-1907.

COUNTY PERFORMANCE DEMONSTRATION PROJECT APPLICATION

The County Performance Demonstration Project (CPDP) will provide a fiscal incentive beginning July 1, 1994 and continuing through June 30, 1997, if the county either demonstrates that it has operated its program at a high level of performance or improved its performance as evidenced by increased AFDC grant savings. (See attached Guidelines for qualifying for incentives in FYs 1995-96 and 1996-97.) Please complete the following application and return by **May 1, 1994** to:

California Department of Social Services
Employment Operations Bureau
744 P Street, M.S. 6-136
Sacramento, CA 95814
Attention: Operations Analyst

COUNTY NAME	COUNTY CONTACT	TELEPHONE NUMBER	DATE SUBMITTED
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SECTION I. COST BENEFIT RATIO *(To be completed by all counties)*

PART A. COUNTY SPECIFIC DATA

	FG	U
1. Number of Grant Terminations in FY 92/93 due to GAIN (Only count those individuals who were referred to orientation)	(1a)	(1b)
2. Average aid payment	(2a)	(2b)
3. Number of Grant Reductions in FY 92/93 to affect the aid payment (Only count those individuals who were referred to orientation)	(3a)	(3b)
4. Total GAIN FY 92/93 Expenditures	(4)	

PART B. STATEWIDE ASSUMPTIONS *(To be adjusted when actual data is available)*

5. Average number of months of savings for terminated participant	10.1 (5a)	8.0 (5b)
6. Amount of average grant saved due to employment	125 (6a)	163 (6b)
7. Average number of months of employment	6 (7a)	6 (7b)

PART C. COMPUTATION OF COST BENEFIT RATIO

	FG	U
8. Savings due to terminations		
a. Multiply Line 1a x Line 2a x Line 5a		
b. Multiply Line 1b x Line 2b x Line 5b	(8a)	(8b)
9. Savings due to employment on aid		
a. Multiply Line 3a x Line 6a x Line 7a		
b. Multiply Line 3b x Line 6b x Line 7b	(9a)	(9b)
10. Total Savings due to terminations and employments (Add Lines 8a + 8b + 9a + 9b)	(10)	
11. Cost Benefit Ratio (Divide Line 10 by Line 4)	(11)	

If the Cost Benefit Ratio (Line 11) is equal to or exceeds the Statewide Standard of 1.00, proceed to Section II. PERFORMANCE ABOVE STANDARD. If the Cost Benefit Ratio is below the Statewide Standard, proceed to SECTION III. PERFORMANCE IMPROVEMENT.

SECTION II. PERFORMANCE ABOVE STANDARD**To be completed by counties with a Cost Benefit Ratio equal to or greater than 1.00.**

1. Fiscal Year 1994-95 Allocation	(1)
2. Fiscal Year 1992-93 Maintenance of Effort	(2)
3. Subtract Line 2 from Line 1	(3)
4. Percent of Difference (Divide Line 3 by Line 2)	(4)
5. Number of FY 1992-93 GAIN Participants (GAIN 25, Section B, Attended Orientation)	(5)
6. Anticipated GAIN Participant Increase (Multiply Line 4 x Line 5 x 75%)	(6)
7. Total Anticipated FY 1994-95 GAIN Participants (Add Line 5 + Line 6)	(7)

SECTION III. PERFORMANCE IMPROVEMENT**To be completed by counties with a Cost Benefit Ratio less than 1.00.**

1. Fiscal Year 1994-95 Allocation	(1)
2. Fiscal Year 1992-93 Maintenance of Effort	(2)
3. Subtract Line 2 from Line 1	(3)
4. Percent of Difference (Divide Line 3 by Line 2)	(4)
5. Number of FY 1992-93 GAIN Participants (GAIN 25, Section B, Attended Orientation)	(5)
6. Anticipated GAIN Participant Increase (Multiply Line 4 x Line 5 x 75%)	(6)
7. Total Anticipated FY 1994-95 GAIN Participants (Add Line 5 + Line 6)	(7)

8. Describe the specific steps that will be taken to achieve the increased grant savings. (Add pages as needed.)

**COUNTY PERFORMANCE DEMONSTRATION PROJECT
QUARTERLY PROGRESS REPORT**

Progress Reports are due 30 days following the reporting period.

Submit to: California Department of Social Services
Employment Operations Bureau
744 P Street, M.S. 6-136
Sacramento, CA 95814

COUNTY:	REPORTING PERIOD:		
	JUL - SEPT	OCT - DEC	JAN - MAR APR - JUNE
CONTACT:	FISCAL YEAR:	TELEPHONE:	

SECTION I. PROGRAM STATUS

1. What is the status of the proposed program modifications?

2. Describe the steps taken to adjust the program in order to maintain the existing performance above standard or to improve performance.

SECTION II. REPORTING DATA	FG	U
1. Number of Grant Terminations (Only count those individuals who were referred to orientation)		
2. Number of Grant Reductions (Only count those individuals who were referred to orientation)		
3. Average Aid Payment.....		
4. GAIN FY 1994-95 Expenditures.....		
5. Number of GAIN Participants (Count only those individuals who ATTENDED orientation, GAIN 25, Section B, Line 1)		
6. Average number of months of savings for terminated participant		
7. Amount of the average grant saved due to employment.....		
8. Average number of months of employment		
SECTION III. RENEWAL PROCESS FOR FISCAL YEAR 1995-96 (To be completed by counties who have met the FY 1994-95 requirements)	FG	U
1. Fiscal Year 1995-96 Allocation.....		
2. Fiscal Year 1992-93 Maintenance of Effort		
3. Subtract Line 2 from Line 1		
4. Percent of difference (Divide Line 3 by Line 2)		
5. Number of FY 1992-93 GAIN Participants (GAIN 25, Section B, Attended Orientation).....		
6. Anticipated GAIN Participant Increase (Multiply Line 4 x Line 5)		
7. Total anticipated FY 1995-96 GAIN Participants (Add Line 5 + Line 6)		